Ontario

ONTARIO SECURITIES COMMISSION

PERSPECTIVES

Summer 2005 Volume 8, Issue 1

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Perspectives is published quarterly by the Communications Branch of the Ontario Securities Commission.

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David Wilson Nominated as New OSC Chair

The Minister responsible for the Ontario Securities Commission (OSC), Gerry Phillips, announced on June 22, 2005, that David Wilson has been nominated as the new Chair of the OSC. The announcement was made shortly before David Brown retired on June 30, after more than seven years of distinguished service as OSC Chair.

Mr. Wilson, currently Vice-Chair of Scotiabank, and Chair and Chief Executive Officer of Scotia Capital in Toronto, has worked in the securities industry for more than three decades, and has extensive experience as an investment banker and senior manager. His primary responsibility at Scotia Capital is for the overall management of the firm's corporate and investment banking activities worldwide. He has advised the Ontario government on its work toward the establishment of a common securities regulator in Canada.

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Investors Speak Up at Town Hall Meeting

On May 31, 2005, OSC Chair David Brown invited consumers of financial services and industry regulators to join him in dialogue and debate over the current investor complaint and arbitration system. The Town Hall was an opportunity for the 420 investors in attendance to share their experiences with the regulatory system and the industry.

Brown was joined by fellow colleagues Joseph Oliver, President & CEO, Investment Dealers Association of Canada; Michael Lauber, Ombudsman & CEO, Ombudsman for Banking Services and Investments; Mutual Fund Dealers Association President & CEO Larry Waite; and Small Investor Protection Association President Stan Buell.

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Ontario Securities Commission Reports

An overview of regulatory activities in Ontario that have an impact on capital markets. Copies of Rules and Regulations, Notices of Hearings, Statements of Allegations, Reasons for Decisions and Orders referenced below are available on the Commission's website (www.osc.gov.on.ca).

Proposed Principal Regulator System Does Not Achieve Meaningful Reform

In a release on May 27, 2005, the OSC stated it is unable to support a new principal regulator system developed by the CSA because it endorses the idea of different regulatory standards for market participants depending on where their head office is located, undermining the CSA harmonization efforts that the OSC continues to strongly support.

While the OSC has worked with other CSA members to come up with a system that would further harmonize and simplify Canada's regulatory regime, the Commission believes the current proposal falls short of this objective.

The proposed system is not based on a single securities code — instead, it permits market participants to comply with different laws based on the location of their head office and, for the first time, would allow regulators to export these different standards into other jurisdictions. The OSC believes this creates inefficiency, an unlevel playing field and will result in increased complexity and confusion for market participants.

The OSC has published its position on the principal regulator system (proposed Multilateral Instrument 11-101 Principal Regulator System) on its website (www.osc.gov.on.ca) and invites public comment. Comments can be submitted up to July 27, 2005.

The OSC strongly supports a parallel and related CSA initiative to streamline and improve the existing Mutual Reliance Review System (MRRS). The notice explaining the OSC's position on the principal regulator system also requests public comment on an OSC proposal to amend, in conjunction with other CSA members, a number of MRRS policies and instruments that will introduce further harmonization and streamlining in its existing review processes.

McMaster University Confers Honorary Degree upon OSC Chair David Brown

OSC Chair David Brown received an honorary Doctor of Laws degree from McMaster University, in recognition of his distinguished public service in the field of securities regulation on the provincial, national and international stages.

Brown also addressed the students of McMaster's DeGroote School of Business who received undergraduate or graduate degrees, including those from the MBA and Ph.D. programs, during the convocation ceremony on June 6, 2005.

The honorary degree recognized Brown's leadership of substantial regulatory developments at a key time for capital markets in Canada and internationally. Over the past seven years, Brown has made important contributions as a senior member of the Canadian Securities Administrators (CSA), which co-ordinates securities policy across the country. He has played an integral role in numerous CSA initiatives, including the development of new investor confidence rules and the ongoing effort to harmonize and streamline the securities regulatory system in Canada.

Brown has made it a priority of the OSC to foster international regulatory cooperation. He is the past Chair of the principal policy-setting body of the International Organization of Securities Commissions (IOSCO), and represented the OSC on the organization's Executive Committee.

Webcast on Investment Fund Continuous Disclosure

The Investment Funds Branch of the OSC has produced a webcast about a new CSA rule which sets out the continuous disclosure requirements for all investment funds. The webcast explains some key requirements of National Instrument 81-106 Investment Fund Continuous Disclosure (NI 81-106), which is accompanied by Companion Policy 81-106CP.

The purpose of NI 81-106 is to harmonize continuous disclosure requirements among jurisdictions in Canada and to consolidate requirements currently found in legislation, various rules and policies into one rule. The Rule applies to all types of investment funds, including mutual funds, non-redeemable investment funds, labour sponsored funds and scholarship plans.

The webcast is accessible on the OSC website (www.osc.gov.on.ca) in the Investment Funds section, under 'Speeches and Presentations', and in the Rules, Polices & Notices section, under 81-106, in the 'Mutual Funds' category.

The OSC webcast was written for market participants in Ontario, although stakeholders in other jurisdictions may find the content informative.

Concept Paper on Market Structure Rules Released

Securities Commissions in five Canadian jurisdictions issued a concept paper in June to address issues relating to the structure of Canada's evolving capital markets. The paper, by securities commissions in Alberta, British Columbia, Manitoba, Ontario and Quebec, addresses issues relating to executing orders at the best price available in any marketplace in Canada, often referred to as the "trade-through" rule. A 90-day comment period follows the June paper, with a proposed solution to be in place by the fall.

The current regime in Canada set out in the Universal Market Integrity Rules (UMIR) places obligations on dealers when they are acting as agents for both best execution and best price. Market Regulation Services Inc. (RS) has approached the five provincial regulators to consider immediately implementing a rule aimed at reducing potential trade-throughs by institutional investors. A trade-through occurs when a trade is executed at a price that is inferior to the best available price. Current regulation in the UMIR places a best-price obligation on participants, therefore preventing trades "through" the best available price.

The five regulators do not believe that implementation without public comment is appropriate at this time, especially in the absence of lack of evidence of harm to investors in maintaining the status quo while stakeholders' input is gathered. In light of the complexity and importance of the issue, the five regulators believe it is important to have a full and transparent debate before any changes are made.

The core issues that the concept paper addresses include the scope of the trade-through obligation and the flexibility available to traders, whether it applies to dealers or institutional investors, and whether factors such as speed of execution should be put ahead of price consideration. These issues are becoming increasingly important as Canada's market matures and large block trades become more common in our marketplaces.

INTERNATIONAL REPORTS

An overview of OSC activities with international organizations to improve the regulation of financial services throughout the world.

IOSCO Publishes Action Plan to Strengthen Capital Markets against Financial Fraud

In the past few years, several well-known companies with significant international operations have become mired in financial scandal. Collectively, these scandals have caused many people to be concerned about investors' confidence in the integrity of global capital markets.

Consequently, IOSCO's Technical Committee established a high-level Chairmen's Task Force and asked it to inquire into the regulatory issues exposed by these scandals, identify any broad trends and assess the extent to which existing international standards and current initiatives by international standard setters like IOSCO address these regulatory issues and trends.

The Task Force identified several areas that have figured prominently in many of the recent financial scandals, such as corporate governance, disclosure requirements for issuers, bond market regulation and transparency, and the roles of market intermediaries and information analysts.

The Technical Committee used the Task Force's comprehensive analysis to develop a prioritized action plan for further work to rectify the most pressing concerns. In March 2005, the Technical Committee published this action plan in its report, *Strengthening Capital Markets against Financial Fraud*. This report, which identifies weaknesses in the global regulatory system and establishes priorities for future IOSCO work accordingly, constitutes the blueprint for IOSCO's future.

By promoting implementation and enforcement-related cooperation, IOSCO believes that it can significantly enhance the effectiveness of the international infrastructure supporting securities markets by adopting policies that emphasize existing IOSCO standards and principles, ensuring a benchmark for all IOSCO members with respect to enforcement related cooperation, and prioritizing jurisdictions that pose the most significant threat to the global financial system.

Initiative to Improve Cross-Border Cooperation among IOSCO Members

As financial markets become increasingly global, cross-border cooperation among securities regulators to combat fraud, market abuse and money laundering has become an increasingly important objective for securities regulators. IOSCO has been looking at problems of cross-border cooperation for a number of years and has been developing international standards and tools to facilitate cooperation.

One of IOSCO's most significant achievements was the endorsement by its Presidents' Committee in 2002 of a comprehensive, multilateral memorandum of understanding (IOSCO MMOU) designed to enhance the ability of securities regulators around the world to cooperate and share enforcement-related information.

To date, 27 IOSCO members (including the Ontario Securities Commission, the Alberta Securities Commission, the British Columbia Securities Commission and the Autorité de Marchés Financiers du Québec) have voluntarily completed the exhaustive screening process and been accepted as full signatories, while an additional five securities regulators have completed the screening process and formally committed to seek the necessary changes to their laws to enable them to become signatories within a reasonable time frame.

In response to recent scandals, IOSCO announced in February 2005 that it is embarking on an initiative to raise standards of cross-border cooperation among securities regulators, including those located in offshore financial centres (OFCs). This initiative will consist of a four-part process that will involve prioritizing jurisdictions that appear unable or unwilling to cooperate, and working with the jurisdictions that pose the greatest risk to achieve cooperation and conformity in the areas of investor protection, maintenance of fair and efficient markets and financial stability.

XXXth Annual IOSCO Conference Held in Sri Lanka

In April 2005, representatives of the OSC attended IOSCO's Annual Conference in Colombo, Sri Lanka. This year's conference, hosted by the Securities and Exchange Commission of Sri Lanka, attracted more than 400 delegates from more than 100 jurisdictions.

During the public conference, outgoing OSC Chair David Brown chaired a panel that considered recent developments relating to the governance and oversight of credit rating agencies.

During the proceedings open only to IOSCO members, the Presidents' Committee (comprising all voting IOSCO members) voted to accept Market Regulation Services Inc. and the Bourse de Montréal as new Affiliate members.

IOSCO members also endorsed an important set of strategic initiatives for IOSCO. Among other things, IOSCO members adopted a timetable providing for all member regulators who have not already been accepted as signatories to IOSCO's multi-lateral memorandum of understanding on enforcement-related cooperation to meet this benchmark by January 1, 2010. IOSCO members also committed additional resources to facilitate implementation of IOSCO's *Objectives and Principles of Securities Regulation* across IOSCO's entire membership and adopted a Consultation Policy for IOSCO initiatives.

The full text of IOSCO's press release can be viewed online at www.osc.gov.on.ca. Questions can be emailed to: mail@oicv.iosco.org.

Canadian Securities Administrators Reports

The CSA is a council of the securities regulators of Canada's provinces and territories whose objectives are to improve, coordinate and harmonize regulation of the Canadian capital markets.

Investor Protection Focus of Revised Investment Fund Governance Rule

The CSA have published for second comment a revised version of a proposed rule on the governance of investment funds, originally published in 2004, that focuses on enhancing investor protection.

The proposed rule would impose a minimum, consistent standard of governance for all publicly offered investment funds. Currently, there is no requirement that investment funds have a governance body.

Under the proposal, every publicly offered investment fund must have an Independent Review Committee (IRC) to oversee a fund manager's decisions in situations where they are faced with a conflict of interest. These conflicts would include "business" or "operational" conflicts that are not specifically regulated today, as well as related-party transactions, which are currently restricted.

The revised rule applies to all publicly offered investment funds. While existing rules and prohibitions on related-party and self-dealing transactions would be retained, the new rule differs in a number of significant ways.

The text of the proposed instrument, National Instrument 81-107 Independent Review Committee for Investment Funds, and related amendments, is available on several CSA members' websites. CSA members will accept public comments on the proposal until August 25, 2005.

Election of CSA Chair and Vice-Chair

Mr. Jean St-Gelais, President and CEO of the Autorité des Marchés Financiers du Québec and Mr. Donald Murray, Chair of the Manitoba Securities Commission, were named CSA Chair and Vice-Chair, respectively, for two year terms starting on April 1, 2005. They have replaced Mr. Stephen P. Sibold, former Chair of the Alberta Securities Commission, and Mr. Donne W. Smith, Chair of the New Brunswick Securities Commission, whose two year terms expired.

Regulators Implement National Registration System and Registration Reform Website

In April 2005, the CSA launched the National Registration System (NRS), making important improvements to the registration regime of individuals and firms by harmonizing, streamlining and modernizing the process across all Canadian jurisdictions.

Under the system, an applicant will be required to meet the "fit and proper" standards of only the principal regulator. This will improve the registration process by applying principles of mutual reliance to reduce unnecessary duplication in the analysis and review of registration applications of investment dealers, mutual fund dealers, unrestricted advisers (investment counsel/portfolio managers) and their sponsored individuals.

The NRS is part of the Registration Reform Project (RRP), an ongoing CSA initiative to harmonize the registration regime. The Registration Reform Project has consulted extensively with industry stakeholders on its objectives, which include developing registration categories and common proficiency and conduct requirements. Stakeholders will have the opportunity to participate in additional consultations to discuss other important registration issues as the project seeks to achieve its various objectives. Three industry representatives sit on the project's steering committee, along with representatives of the IDA, MFDA, and securities regulators in British Columbia, Alberta, Ontario and Quebec.

On June 8, 2005, the CSA launched the RRP website (www.rrp-info.ca) in support of the harmonization initiative. The website provides market participants with updated content about the RRP, including news, events, forms, and FAQ's about various elements of the RRP, including NRS. Additional content will be added to the website, when appropriate, as the RRP moves forward.

ENFORCEMENT REPORTS

The following are summaries of recent enforcement proceedings and hearings before the Ontario Securities Commission. Copies of Notices of Hearing, Statements of Allegations, Reasons for Decisions and Orders referenced below are available on the Commission's website (www.osc.gov.on.ca).

Settlement Concerning Miller Bernstein & Partners LLP Approved by Commission

On May 20, 2005, the OSC approved a settlement agreement between Staff of the Commission and Miller Bernstein & Partners LLP.

The OSC Staff had alleged that Buckingham Securities Corporation, a securities dealer, made misleading or untrue statements in financial reports for fiscal years 1999 and 2000, required to be filed with the OSC. Staff further alleged that Miller Bernstein & Partners LLP, the auditors of Buckingham, had engaged in conduct contrary to the public interest in relation to the audit opinions of Miller Bernstein.

In the settlement agreement approved by the OSC, Miller Bernstein admitted to conduct contrary to the public interest, acknowledging it had stated that its examination was made in accordance with generally accepted auditing standards, and in the light of the circumstances under which they were made, misleading or untrue, did not state a fact that was required. Miller Bernstein further admitted that it did not obtain sufficient audit evidence and did not formulate appropriate procedures to support the opinions expressed in the 1999 and 2000 reports.

As set out in the terms of the settlement agreement, Miller Bernstein agreed to sanctions that include a settlement payment in the amount of $75,000, a payment of $115,000 in respect of a portion of the costs of the investigation, and a reprimand by the Commission in relation to the firm's conduct.

Miller Bernstein also agreed not to provide auditing or other services to reporting issuers or to registrants under Ontario securities law.

Norman Frydrych Settlement Approved

The OSC approved a settlement agreement between Staff of the Commission and Norman Frydrych on May 20, 2005.

The proceeding concerned allegations that Buckingham Securities Corporation, a securities dealer, had failed to segregate fully paid or excess margin securities owned by its clients, failed to maintain adequate capital at all times and failed to keep such books and records in violation of requirements of Ontario securities law. Frydrych made admissions that he acted as an officer of Buckingham, that he had authorized, permitted or acquiesced in Buckingham's violations of the requirements of Ontario securities law outlined above, and that his conduct was contrary to the public interest.

The sanctions ordered by the Commission include termination of Frydrych's registration under Ontario securities law, a permanent prohibition against Frydrych from becoming or acting as a director or officer of any reporting issuer, any registrant or any issuer that directly or indirectly has any interest in any registrant, and an order that Frydrych cease trading in securities for a period of 15 years, with the exception of personal accounts in his name in which he has sole beneficial interest, and in registered retirement savings plans in which he has sole beneficial interest.

Norshield Registration Suspended

On May 20, 2005, the OSC issued Temporary Orders suspending the registration of Norshield Asset Management (Canada) Ltd. (Norshield) and imposing terms and conditions of the registration of Norshield and Olympus United Group Inc. (Olympus).

The registration of Olympus was suspended on May 13, 2005, because Olympus was operating without a registered trading and compliance officer. Olympus had not sought registration for a trading adviser on Ontario nor had it designated a compliance officer. Olympus therefore did not meet the registration requirements that would enable it to trade on behalf of its Ontario clients.

Since May 16, 2005, the OSC, the Autorité des Marchés Financiers and the Mutual Fund Dealers Association have been conducting a coordinated review of the operations of Norshield and Olympus in Quebec and Ontario. During the review, Norshield and Olympus have been unable or unwilling to adequately explain the investment structure offered to clients nor have they provided an adequate explanation as to the flow and location of client funds.

On June 29, 2005, RSM Richter Inc. was appointed receiver for Norshield Asset Management (Canada) Ltd. and several related companies including Olympus United Funds Corporation, by order of the court in Ontario. The Autorité des marchés financiers obtained a similar court order in Quebec on June 30.

Temporary Orders Extended Against Portus And Manor

The OSC issued an Order on May 16, 2005 adjourning the hearing to consider whether the temporary orders issued on February 2 and 10, 2005 against Portus Alternative Asset Management Inc. and Boaz Manor should be extended, until September 16, 2005. On consent, the Commission continued the Temporary Orders pending the hearing on September 16, 2005.

Settlement With Zoran Popovic and DXStorm.Com Inc. Approved Over Failure To File Insider Trading Reports

At an OSC hearing on May 10, 2005, a settlement agreement between Staff of the Commission, Zoran Popovic and DXStorm.Com Inc. was approved. Zoran Popovic agreed that on 95 occasions in 2002, he failed to file insider trading reports as required by section 107(2) of the Ontario *Securities Act*.

In approving the settlement agreement in the public interest, the Commission panel reprimanded Popovic, and ordered Popovic to personally pay $5,500 towards the cost of the investigation and the proceeding. The Commission also ordered DXStorm.Com Inc. to implement a Code of Conduct including an Insider Trading and Reporting Policy.

Prosecution against Emilia von Anhalt and Jurgen von Anhalt Commenced

OSC staff have initiated a quasi-criminal prosecution against Emilia von Anhalt and Jurgen von Anhalt, former directors, officers and majority shareholders of Lydia Diamond Exploration of Canada.

On May 5, 2005, an Information was sworn that contained 39 counts against Emilia von Anhalt and 27 counts against Emilia von Anhalt and Jurgen von Anhalt jointly.

Staff allege that in 2002 and 2003 Emilia von Anhalt made oral representations that securities of Lydia would be listed on an exchange and gave an oral undertaking relating to the future value of Lydia securities, with an intention to effect a sale of those securities. Staff also alleged that since November 19, 2002, Emelia and Jurgen traded Lydia securities while unregistered to trade in securities; traded securities of Lydia without a prospectus; and violated the terms of a Commission Order by trading securities of Lydia, acting as a director and officer of Lydia, and failing to resign as a director or officer of an issuer.

In the Matter of Agnico-Eagle Mines Limited

A Commission panel approved a settlement agreement between Staff of the Commission and Agnico-Eagle Mines on April 28, 2005. Staff allege that on two occasions, Agnico-Eagle failed to forthwith disclose material changes in its affairs, and on one occasion, issued an inaccurate news release.

Agnico-Eagle agreed to initiate a review of its disclosure and reporting practices and procedures by an independent third party, acceptable to both Agnico-Eagle and Staff, at the expense of Agnico-Eagle, and will implement any recommendations made by the independent third party referred to above that are approved by Staff, within a reasonable period as approved by Staff.

Simplified Process Settlement with Andrew Cheung Approved

A settlement agreement between staff of the Commission and Andrew Cheung was approved on April 26, 2005. Cheung agreed that on 21 occasions between November 2003 and October 2004, he failed to file reports as required by section 107(2) of the Ontario *Securities Act*. The trades were executed by Global Genius Investments Ltd., a company beneficially owned by Cheung.

In approving a settlement agreement in the public interest, the Commission panel issued an order that Cheung pay an administrative penalty of $5,000, and pay $3,500 towards the cost of the investigation and the proceeding.

The case against Cheung was the first in which the Commission has imposed an administrative penalty on an individual, under new powers that were granted to the Commission in April 2003.

Permanent Trading Ban Imposed on Foreign Capital Corp., Montpellier Group Inc. and Pierre Alfred Montpellier

The OSC released its reasons for decision in the matter of Foreign Capital Corp., Montpellier Group Inc. and Pierre Alfred Montpellier on April 18, 2005.

On April 14, 2004, Pierre Montpellier pled guilty to fraud and theft contrary to the *Criminal Code* of Canada. Specifically, he agreed that he had defrauded 128 investors in Foreign Capital Corporation of $5,347,300 by falsely representing that funds would be invested in private placement programs.

Describing actions as "conspicuously offensive", the Commission found that "Montpellier's egregious conduct goes to the very essence of the duties and responsibilities of a registrant under the Act. His contravention of obligations under the Act is illustrative of a most grave type of failure by a registrant". The Commission concluded that Montpellier's "disregard of the foreseeable consequences of his conduct to marketplace participants and his monetary greed, convinced us that if we do not restrain Montpellier properly, confidence in our markets would be weakened".

The order issued by the Commission panel specifies that Montpellier's registration be terminated, and that trading in any securities by Foreign Capital Corporation, Montpellier Group Inc. and Montpellier cease permanently. Montpellier is also required to resign from all positions that he holds as director or officer of an issuer, and prohibited from becoming or acting as a director or officer of any issuer.

Settlement with Jo-Anne Chang and David Stone Approved by Commission

At a hearing held on April 11, 2005, a panel of Commissioners approved a settlement reached between Staff of the OSC and the Respondents Jo-Anne Chang and David Stone.

The settlement is in relation to allegations made by the OSC against Chang and Stone. In the settlement agreement, the respondents admit Chang had access to material information that had not been generally disclosed, which was communicated to Stone, her husband, prior to May 10, 2000. At the time, Chang was director of investor relations at ATI Technologies Inc. Between May 10 and May 19, 2000, Stone purchased 1,000 put options in ATI, for a total cost of $311,180.20 in advance of a news release issued May 24, 2000, announcing that ATI would fail to meet revenue and sales expectations for 2000.

Recent Speech

Excerpts from an address by David Brown, Q.C., to the Toronto CFA Society, May 10, 2005.

The investment industry is globalizing. Jurisdiction has traditionally been based on geography, but in a 24-hour by 7-day era of open financial borders and real-time communication, there is one market — the world.

Today, the Ontario investing industry is not competing with B.C. and Alberta. It is competing with the U.S. and Europe. We have to look at issues through that prism — the impact they have on our ability to fare in international competition.

That's why we have invested significant time in the International Organization of Securities Commission, or IOSCO. And that's the best way to describe it — an investment. It is important to make sure that the interests of Ontario market participants are represented globally. It's important for Ontario to have the best practices internationally.

The changing realities we deal with also demand that we work more closely with other national securities regulators, particularly the SEC. When the U.S. passed Sarbanes-Oxley, for example, it was important for us to get a handle on its impact on the Canadian market. For one thing, meeting the disclosure standards of U.S. securities laws is an important factor in maintaining continued U.S. participation in the Multi-jurisdictional Disclosure System, or MJDS. That's very valuable to Canadian companies, because it allows them to file the same disclosure documents with the SEC that they already file in Canada. That means significant savings for companies that require frequent access to U.S. capital markets.

We have recently seen a change in the makeup of the investing community. About half of all adult Canadians are invested in equity markets, through pension funds, mutual funds, or direct retail investments.

Meanwhile, investment products are becoming more diverse, more sophisticated, and more complex. This can create regulatory challenges. More and more mutual fund dealers with restricted licences and a lower standard of proficiency are selling more and more complicated products.

Many investment tools that used to be available only to the very wealthy are now available to average investors; for example, the increasing popularity of alternative investment funds. When formerly elite investment instruments become more widely available, the industry has to take a good, hard look at them to determine their suitability for the average investor. We also have to make sure that the industry is clear on its responsibilities. That brings me to Portus.

Approximately $750 million worth of complex products were sold to about 26,000 retail investors. That's a broad investor base when you consider the nature of the products. And it's a complex investment. In fact, the complexity of the foreign intermediaries involved in international aspects of the transactions — and the lack of regulatory compliance by Portus — has made it difficult for investigators to understand this product after months of forensic accounting. So what could have accounted for the firm's tremendous sales record? Perhaps there is only one particular feature to speak of — high up front fees and trailer fees for referrals. The potential earnings for agents were high.

There may well be some issues to address in relation to the manufacturers of some of these investment products. But the responsibilities of the intermediaries involved are clear. They are professionals with a duty to understand the products involved and the risks entailed. They have a responsibility under the *suitability* provision. They have a responsibility under *fairness* obligations. They have a responsibility to put their clients' interests ahead of their own.

These issues are being probed in the enforcement case, but the industry has a black mark on it — and it has to start looking very hard at itself to ensure that it doesn't become an indelible stain. One must be wary of the danger that the market is perceived only to make money for advisors, not investors. We need to continue to pursue the twin objectives of protecting investors, while serving as a facilitator of investment — not a barrier to it. We need to continue to focus on international competition, and aggressively and effectively represent Ontario's interests in shaping best global practices. We need to continue to take unnecessary complexity out of regulation. We need to try to eliminate the duplication and overlap between provinces — reducing hurdles as much as possible.

In that regard, we need to continue to pursue a goal of the Ontario Government — creation of a single securities regulator for Canada. The process of bringing Canada together on securities regulatory policy is lengthy, expensive and often frustrating.

We must continue to encourage the development of a culture of compliance among investment firms and companies. That's a matter of complying with not just the letter but also the spirit of the rules, and a sustained effort — not a sporadic one.

Finally, I just want to say that when it comes to the OSC's future ability to pursue its goals, I am extremely confident. The level of public awareness of regulatory issues is higher than I have ever seen it. The OSC has the strength and depth to address the issues, the cooperative links with other agencies to pursue enforcement, and the international awareness and involvement to ensure our place in global regulation.

We can protect investors while ensuring robust markets. We can improve structures for compliance without putting up barriers to growth. We need markets to be efficient *and* fair; we have demonstrated that we can pursue both simultaneously. Thank you.

FEATURE

***OSC Chair Announcement**, continued from page 1*

"I am pleased that Mr. Wilson has agreed to lend his talent and expertise to this important role," said Mr. Phillips in statement. "He will have the challenge of leading this key regulatory agency in a complex and fast-changing environment."

If the Standing Committee of Government Agencies concurs with this nomination, Mr. Wilson's appointment would take effect on November 1, 2005, following his retirement from Scotia Capital. In the interim, OSC Vice-Chair Susan Wolburgh Jenah will serve as acting Chair, as chosen by the Commission.

Mr. Wilson is an excellent leader who is well placed to guide the OSC through the challenges of regulating the province's capital markets over the next five years, said Mr. Brown, following the announcement of the nomination.

"The OSC is indeed fortunate to have someone with the experience and expertise of David Wilson willing to lead the Commission at such a dynamic time for capital markets," he said in a statement. "I welcome the nomination of David Wilson as incoming Chair and am confident that he is the right person to lead the Commission forward."

Born in Toronto, Mr. Wilson, 60, graduated with a Bachelor of Commerce degree from the University of Toronto and an M.B.A. from York University. In 1971, he joined the corporate finance department of McLeod Young Weir Limited, a predecessor firm to Scotia Capital, having previously been an investment research analyst.

After holding a variety of management positions in the corporate finance area of the firm, Mr. Wilson was appointed Chair and Chief Executive Officer of Scotia Capital Markets in January 1998. In November 1999, he became Co-Chairman and Co-Chief Executive Officer of Scotia Capital, which is the marketing name for the corporate and investment banking businesses of the Bank of Nova Scotia.

In May 2002, Mr. Wilson was appointed Vice-Chair of the Bank of Nova Scotia and became Chair and Chief Executive Officer of Scotia Capital.

In addition, he is past Chairman of the Investment Dealers Association of Canada, and was a member of the Five Year Review Committee that reviewed the Securities Act of Ontario.

"I look forward to Mr. Wilson's contribution to ensuring Ontario's capital markets are strong and healthy and have the confidence of investors and publicly traded companies alike," said Minister Phillips.

"I'd also like to thank David Brown for seven years of exemplary leadership and public service both domestically and internationally, and wish him all the best in his future endeavours," said Mr. Phillips.

***Investors Speak Up at Town Hall Meeting**, continued from page 1*

Facing a number of regulatory bodies and a fragmented system, consumers of financial services often become overwhelmed by the process of seeking satisfactory resolution to their complaints. Citing a strong record for the OSC in protecting investors on issues like corporate governance, accounting and financial disclosure, Brown acknowledged that, in the past, sufficient emphasis had not been placed on protecting the investor as a consumer of financial services.

Prompted by the growing number of complaints, coupled with the issues raised by Brown at the Standing Committee on Finance and Economic Affairs (SCFEA) at the Ontario Legislature in late 2004, the OSC established the Investor Town Hall to create a public forum to link investors and their issues with the regulatory bodies. The SCFEA hearings and subsequent report released underscored the need to design and implement a workable mechanism to allow investors to purse restitution in a way that is both timely and affordable.

The Town Hall was a first step in identifying gaps in the system. Listening to first hand experiences generated valuable input regarding ways the system can be improved. The event achieved a number of objectives, bringing together those individuals the OSC is mandated to protect and those who share that regulatory responsibility. It served as a reminder of the wide range of issues the regulators face, and the challenges to be overcome, to pursue consumer protection in financial services.

Many of the questions raised were too complex to yield immediate initiatives, so the OSC has issued a report on the key findings, making recommendations in an effort to maintain the momentum of a public dialogue on the matter. The report is available on the OSC website: www.osc.gov.on.ca.